

General Screening of Individual Income Tax Returns - Tax Year 2017

Process

[SCREEN LOCAL FILED TAX RETURNS - TAX YEAR 2017](#)

Effective Date

01/01/2018

Purpose

"Local File" localities are responsible for screening designated tax returns filed with their office. Screening is performed to ensure that the tax return is complete and necessary information for data capture and processing is provided. This process includes the screening procedures for the **Tax Year 2017**, Individual Income Tax forms listed below.

- Form 760 - Individual Income Tax Return (760 Handprint and 760CG)
- Form 760PY - Part-Year Resident Individual Income Tax Return
- Form 763 - Nonresident Individual Income Tax Return
- Form 763-S - Virginia Special Nonresident Claim for Individual Income Tax Withheld
- Form 770 - Virginia Fiduciary Income Tax Return

This process does not pertain to the Category 7 returns, which are to be processed by TAX as "**Direct Filed**".

Please refer to [TASK: Open and Sort Mail](#)

A locality is referred to as either "Direct Filed" or as "Local File" in relation to screening. The screening tasks in this process are performed by "Local File" localities. A "Direct Filed" locality accepts tax returns for transmittal to TAX **without** performing local screening tasks.

Special Notes

Missing Customer Information

- **Refund Returns**
 - Customers receive their refund via 2 methods:
 - (1) Direct Bank Deposit to their checking or savings or
 - (2) Paper Check
 - If working a Refund Return **on or before April 10th**, local personnel should contact the customer for missing information using the "[Return Forms to Customer](#)" letter. This letter (printed on letterhead) must accompany the incomplete return and tax documents that are sent back to the customer.

NOTE: If working a Refund Return **after April 10th**, do not contact the customer for missing information. Screen and code the return "as is".

- **Tax Due Returns** - If a Tax Due return is missing Page 1 or Page 2 of the tax return,
 - Send the incomplete return, tax documents and remittance (as applicable) to TAX as direct filed.
 - OR -
 - If a remittance is included, deposit and track the remittance and send the incomplete return and tax documents, to the customer with a locality created letter (on letterhead) advising them to re-submit a complete tax return to **your** local office, so you can ensure the payment is applied to the resubmitted return.

Screening codes are written in the **bottom right corner** of the return, Page 1 and may produce automated IRMS correspondence requesting follow-up actions from the customer.

Please refer to Job Aid: [Locality Screening Code Matrix - Tax Year 2017](#)

- Localities must use RED ink when making screening notations on returns.

Tax Due returns are marked at the bottom of the return, Page 1, by the preparer of the Memorandum of Assessment.

- The LTD (Local Tax Due) indicator is checked.
- The received remittance amount is written on the "\$" line.

NOTE: It is important that the "Tax Due" amount is written on the bottom line of the return as outlined in Step 13. If this information is missing, the taxpayer may receive an erroneous bill if monies have already been collected by the Local Office.

For simplicity, the term "**W-2 Form(s)**" is used in this task, although W-2 information may be received on any of the following documents.

- Form W-2, Wage and Tax Statement
- Form W-2C, Corrected Wage and Tax Statement
- Form 1099, for certain non-wage payments
- Form 1099-DIV, Dividend and Distributions Income
- Form 1099-INT, Interest Income
- Form 1099-R, Distributions from Pensions, Annuities, Retirement, or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
- Form 4852, Substitute Wage and Tax Statement
- Schedule VK-1, Pass Through Entity Wage and Tax Statement
- Virginia Schedule INC may also contain W-2, 1099 or VK-1 information and may substitute for the actual form.
- Form ARTA129M "Request for WH Information" – substitute form (with a barcode) produced by AR that reflects the withholding the Virginia Tax Department has on record.

The term "**checkbox**" refers to an indicator on the form for certain conditions; on certain forms, an oval must be filled in by the taxpayer to show all conditions which apply. The indicators commonly seen on forms are listed below:

- A box on any form
- An oval on the 760 Handprint form
- An "X" indicator in a field on a computer-generated form

Special Filing Situation: Form 760PY and Form 763 filed in the same tax year by a customer:

- The screener should validate the withholding as outlined in this procedure and determine the total amount of withholding.
- A portion of the withholding should be applied to one of the returns, as applicable, to **zero out** that return's tax liability.
- The remaining amount of withholding, as applicable, should be applied to the **second** return.
- A **highlighted note** should be made in the left margin of each return referencing the dual filing.
- Each return should be processed as outlined in this General Screening Procedure and handled as outlined in TASK: [Screen Form 763 - Tax Year 2017](#) and TASK: [Screen Form 760PY - Tax Year 2017](#).

Computer-Generated Forms 760CG, 760PY, and 763: Beginning in Tax Year **2017**, an indicator (**XXXXX**) will appear on printed copies of current year computer-generated versions of Form 760CG, 760PY, and 763 that were prepared for E-File submission.

- On Form 760CG, this indicator will appear in the upper right portion of the return to the right of the Vendor ID field.
- On Form 760PY, this indicator will appear in the bottom right corner of the return below Line 13, Column A.
- On Form 763, this indicator will appear in the bottom right corner of the return below Line 19.

NOTE: If a Computer-generated version of these forms bearing the indicator is received, the return *SHOULD NOT* be processed by the Commissioner of the Revenue. The form should be forwarded to TAX with a [LAP-Sort 2](#) form to be handled as DIRECT.

Procedure

Responsibility

Commissioner of Revenue's Office Locality Representative

Steps

1. Receive returns to be screened.
2. Review the first return in the bundle.
3. If a Computer-generated current year 760CG, 760PY, or 763 return is received which shows the **indicator** denoting that the return was prepared for E-File submission, place it aside in the "**Direct Filed**" stack.
4. If the return is for a **prior tax year**, place it aside in the "**Direct Filed**" stack.
5. If the customer has written "**Amended**" at the top of the return,
 - A. Ensure the Amended checkbox (or bubble) has been completed.
 - B. Place the return aside in the "**Direct Filed**" stack.
6. Ensure that a filing status is indicated.
 - A. If no filing status is indicated, research the W-2 Forms, signatures, and other documents to determine the appropriate status.
 - B. Mark the correct Filing Status checkbox.
7. Ensure that the return has the following header information.
 - Filing Status 1 - Primary Social Security Number (SSN), Primary Customer's First and Last Name, and address
 - Filing Status 2 - Primary SSN, Secondary SSN, Primary Customer's First and Last Name, Secondary Customer's First and Last Name, and address

- Filing Status 3 – Primary SSN, Secondary SSN, Primary Customer’s First and Last Name, Secondary Customer’s Name (on the line to the right of the Filing Status), and address
 - Filing Status 4 (Forms 763 and 760PY) – Primary SSN, Secondary SSN, Primary Customer’s First and Last name, Secondary Customer’s First and Last name, and address
8. If screening a Form 760 and the partial last name field for the primary or secondary customer is blank, write in the first 4 characters of the customer’s last name.
 9. Verify the Primary and Secondary Social Security Numbers (SSNs).
 - A. Review for Primary SSN.
 1. Check for a Primary SSN on every return.
 2. Verify that the Primary SSN is on **all pages** of the return, writing in missing SSNs, as needed.
 - B. Check for Secondary SSN on the following returns:
 - Filing Status 2 - all forms
 - Filing Status 3 - all forms
 - Filing Status 4 - Forms 763 and 760PY
 - C. If the necessary Primary OR Secondary SSN is missing,
 1. Review all attachments to locate the missing information.
 2. Write the located information in the appropriate field(s).
 - D. If the SSN is missing AND cannot be found in the documents, set the documents aside for further research by the designated representative.
 1. If the SSN is located, write the located information in the appropriate field(s).
 2. If the SSN is not located, write "SSN Researched" written in the left margin of the return next to the filing status.
 10. Review the return for other missing or incomplete information, such as required schedules or attachments.

NOTE: The guidelines in the Special Notes above determine whether to return the forms to the customer in an attempt to obtain the missing information. The "Return Forms to Customer" letter linked in Special Notes above lists conditions that could require a letter.
 11. View the envelope’s postmark date or the hand-stamped date for a hand-delivered return.

NOTE: The entire envelope should be reviewed to ensure the correct information is gathered.

 - A. If the postmark is **May 1, 2018** or earlier, discard the envelope and go to Step 12.
 - B. If the postmark is **May 2, 2018** or later,
 1. Write the postmark in **mmddyy** order in the bottom, center of Page 1 on the return.

NOTE: This applies to all Income Tax returns screened in these procedures.
 2. Write the same **mmddyy** date under the postmark on the front of the envelope.
 3. Retain the envelope and place it behind the other return documents.
 4. Continue to Step 12.
 12. Screen for Virginia tax withheld.
 - A. If Virginia tax withheld is claimed but no W-2 Forms or a Schedule INC are present, code "**WX**".
 - **760** and **760CG** – Lines 20a and 20b
 - **760PY** – Lines 20a and 20b
 - **76** – Lines 20a and 20b
 - **763-S**- Step II
 - **770**- Line 5a

NOTE: This includes scenarios where the tax year on the withholding forms do not match the tax year of the return.
 - B. If the total withholding claimed does not match the total amount on the withholding statements provided, code "**EE**".
 - C. If any data is altered on any W-2 Forms or a Schedule INC, code "**AX**".

- D. If a W-2 Form shows withholding for **another state** which is included in the withheld amount on the return, code **"VX"**
13. If additional penalty and interest are due, handle accordingly.
- A. If screening a Computer Generated 760,
1. Report the additional penalty and interest on a Form 759, Memorandum of Assessment.
Please refer to TASK: [Compute and Record the Amount Due Using Form 759](#)
DO NOT undertake any of the following actions on the return:
NOTE: If any of these actions are performed, they will cause a delay in processing the customer's return or cause unnecessary correspondence to be sent to the customer.
 - DO NOT use a Handprint Schedule ADJ to note the additional penalty and interest
 - DO NOT cross out any amounts to adjust for the additional penalty and interest
 - DO NOT cross out any barcodes when this is the only change made
 2. Go to Step 14.
- B. If screening a Handprint 760,
1. Use the appropriate Schedule ADJ to note the additional penalty and interest.
NOTE: Each Form has their own specific Schedule ADJ.
 2. Cross out any amounts to adjust for the additional penalty and interest.
 3. Write the amounts at the bottom, right of Page 1 below the Tax Due line.
 4. Go to Step 14.
- C. If screening a Handprint or Computer Generated 760PY or 763,
1. Use the appropriate Schedule ADJ to note the additional penalty and interest.
NOTE: Each Form has their own specific Schedule ADJ.
 2. Cross out any amounts to adjust for the additional penalty and interest.
 3. Write the amounts at the bottom, right of Page 1 below the Tax Due line.
 4. Go to Step 14.
- D. If screening a Handprint or Computer Generated 770,
- NOTE:** No penalty and interest amounts are noted on the 770.
1. Report the additional penalty and interest on a Form 759, Memorandum of Assessment.
 2. Continue to Step 14.
14. Verify the following lines for **tax due** returns are complete to ensure proper billing.
NOTE: These are also referred to as the "Tax You Owe" and "Amount You Owe" lines. If **both** Line(s) are complete, go to Step 15.
- A. If **one or both** Lines are **blank**, complete the blank Line(s) working backwards from previous Lines.
NOTE: If these Lines are left blank when the return is processed - IRMS also sends the customer a direct bill, which is based on calculations to complete those blank Lines. This will occur regardless if the customer has already paid or if the Locality plans to bill and collect from the customer.
- B. If screening a **760CG** and **one or both** Lines are **crossed out**, complete the crossed out Line(s) working backward from previous Lines.
NOTE: If these Lines are left crossed out when the return is processed - IRMS also sends the customer a direct bill, which is based on calculations to complete those crossed out Lines. This will occur regardless if the customer has already paid or if the Locality plans to bill and collect from the customer.
- **760** - Line 29 and Line 37
 - **760 CG** - Line 29 and Line 36
 - **760PY** - Line 29 and Line 37
 - **763** - Line 29 and Line 37
 - **770** - Line 6
15. Review **tax due** returns for the tax owed and amount collected.

- A. If the Locality **collected more** than the tax due amount originally calculated by the customer, write **"WW"** on the return Page 1, in the lower **left** corner.
NOTE: The **"WW"** is a visual reference for TAX representatives. It is NOT captured as a screening code and is NOT written with the other screening codes in the lower right corner of the return.
 - B. If the customer owes **less than** the tax due amount they originally calculated on the return,
 1. DO NOT change the "Amount You Owe" written on the return.
NOTE: IRMS will not reflect the "owes less than" amount if you change the "Amount You Owe" line. This is especially important for customers who are expecting a refund from what they originally paid.
 2. Go to Step 16 and continue screening.
 - C. If the customer owes **more than** the tax due amount they originally calculated on the return,
 1. Line through the "Amount You Owe" written on the return.
 2. Write the **correct amount owed** next to the lined through amount according to the linked Job Aid.
 Please refer to Job Aid: [Tax Due is Greater Than Originally Calculated - Tax Year 2017](#)
16. If working a 2D Barcode return and any information has been altered OR marked on the return,
NOTE: This does not apply to penalty and/or interest amounts added to the return per Step 13.
 - A. Draw four heavy black lines through the 2D barcode.
 - B. Write the word "Altered" above the 2D barcode.
NOTE: This step refers to customer changes to printed data and any alterations you may have made, including changes on computer generated returns like Form 760CG. If the 2D barcode is not marked out, automated data capture systems will capture the data in the 2D barcode rather than the changed items on the face of the return.
 17. Remove and discard blank schedules for which there are no entries on Page 1 or Page 2 of the tax return.
NOTE: Customers occasionally include unnecessary blank schedules. These are removed to increase processing efficiency.
 18. Remove any of the following attachments needed in the locality.
 - Personal Property Returns
 - Schedule C
 - Schedule C-EZ
 - Schedule D
 - Schedule E
 - Schedule FED
 - Schedule F
 - Form 4562
 - Form 2106
 19. Place the removed documents in the designated location for use in the locality.
 20. Ensure the tax return documents are in the proper order; correct as necessary.
 - W-2 Forms, folded and stapled to the return Page 1, center left margin of the document.
 - Return Page 1
 - Return Page 2
 - Schedule ADJ (Forms 760, 760PY, 763)
 - Schedule CR
 - Schedule INC
 - Schedule VAC
 - Schedule VACS
 - Schedule OSC
 - Form 760C or Form 760F

- Other Virginia Forms
 - Federal Forms and Schedules
 - Other attachments
21. Continue screening the return according to the detailed instructions for the return type.
- Please refer to TASK: [Screen Form 760 - Tax Year 2017](#)
 - Please refer to TASK: [Screen Form 760PY - Tax Year 2017](#)
 - Please refer to TASK: [Screen Form 763 - Tax Year 2017](#)
 - Please refer to TASK: [Screen Form 763-S - Tax Year 2017](#)
 - Please refer to TASK: [Screen Form 770 - Tax Year 2017](#)
22. Gather the "Direct Filed" stack of returns placed aside in Step 3, 4, and 5.
- NOTE:** These returns are to be handled as direct filed by TAX.
- Please refer to PROCESS: [TRANSMIT LOCAL FILED RETURNS TO TAX](#)
- A. Secure the bundle with a rubber band or paper clip when there are too few returns to be rubber banded.
- B. Place the bundle in the designated location for transmittal to TAX.

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